

Message Text

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ACTION ARA-10

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SUBJECT: JAMAICA AND VENEZUELA ECONOMIC AGREEMENT

REF: KINGSTON 1302

1. PRIME MINISTER MANLEY'S RETURN FROM VENEZUELA HAS BEEN WIDELY HAILED AS A GREAT DIPLOMATIC VICTORY FOR JAMAICA. THE TRIP HAS RECEIVED MAXIMUM PRESS COVERAGE INCLUDING ARTICLES EVERY DAY ON VARIOUS ASPECTS OF THE AGREEMENT

2. ACCORDING TO THE PRESS, VENEZUELA HAS GUARANTEED JAMAICA'S DOMESTIC NEEDS IN OIL FOR THE FORESEEABLE FUTURE INCLUDING A 7 PERCENT PER ANNUM INCREASE TO MEET ADDITIONAL DEMANDS. IN ADDITION, THE GOV HAS AGREED TO EXTEND TO JAMAICA THE AGREEMENT FOR ECONOMIC COOPERATION GRANTED IN DEC 1974 TO CENTRAL AMERICAN REPUBLICS. THIS OIL REBATE SCHEME MEANS AN ANNUAL LOAN OF J\$24 MILLION A YEAR AT 8 PERCENT GIVEN CURRENT
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JAMAICAN CONSUMPTION. THE LOAN WILL BE AVAILABLE FOR

INVESTMENT IN JAMAICA BUT MUST BE APPROVED BY THE GOV.

3. VENEZUELA HAS ALSO AGREED TO FINANCE PART OF THE SOUTH MANCHESTER ALUMINA PLANT ANNOUNCED LAST YEAR IN THE JOINT VENTURE BETWEEN JAMAICA, MEXICO AND KAISER. UNDER THE NEW ARRANGEMENT JAMAICA WOULD PROVIDE 51 PERCENT, MEXICO 29 PERCENT, AND KAISER AND VENEZUELA EACH 10 PERCENT; THIS WOULD AMOUNT TO A J\$30 MILLION INVESTMENT ON THE PART OF THE GOV. VENEZUELA PARTICIPATION WOULD INCREASE THE PLANT'S CAPACITY FROM 600,000 TO 900,000 TONS.

4. A NUMBER OF ARTICLES HAVE ALSO STATED THAT THE GOV HAS AGREED TO PURCHASE 400,000 TONS OF BAUXITE ANNUALLY FOR THE FIRST THREE YEARS AND 500,000 TONS IN THE FOLLOWING SEVEN YEARS. THE GOV HAS ALSO AGREED TO A TEN-YEAR CONTRACT TO BUY 200,000 TONS OF ALUMINA ANNUALLY. THIS WILL RESULT IN AN ADDITIONAL REVENUE TO THE GOJ OF J\$15 MILLION ANNUALLY THROUGH THE BAUXITE LEVY.

5. THE NEWSPAPER VERSION OF THE TEXT OF THE JOINT DECLARATION SIGNED BY PEREZ OF VENEZUELA AND MANLEY COVERS A WIDE RANGE OF ITEMS. THE DECLARATION REITERATES OPPOSITION TO COLONIALISM AND STATES THAT VENEZUELA AND JAMAICA ARE "AGREED ON THE NECESSITY FOR RADICAL CHANGE IN THE EXISTING ECONOMIC RELATIONSHIPS OF STATES IN ORDER TO ATTAIN THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER BASED ON EQUITY, EQUAL SOVEREIGNTY, INTERDEPENDENCE, COMMON INTEREST AND COOPERATION BETWEEN STTES". IT ALSO SUPPORTS INDEXATION OR SOME OTHER MEASURE TO PREVENT DETERIORATION IN THE TERMS OF TRADE FOR DEVELOPING COUNTRIES. BOTH GOVERNMENTS EXPRESS THEIR SUPPORT FOR SELA AND CONSIDER IT DESIRABLE THAT THE HEADS OF GOVERNMENT IN THE CARIBBEAN BASIN MEET DURING THE PRESENT YEAR. WITH REGARD TO SPECIFICS, THE DECLARATION IS VAGUE AND MOST STATEMENTS ARE QUALIFIED BY PHRASES REFERRING TO FUTURE NEGOTIATIONS OR DISCUSSIONS.

6. COMMENT: THE AGREEMENT WITH VENEZUELA IS CONSIDERED LIMITED OFFICIAL USE

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LOCALLY A SOLID TRIUMPH FOR SUPERMANLEY IN HIS EFFORT TO ESTABLISH NEW RELATIONSHIPS. THE DAILY GLEANER EDITORIALIZED THAT THE PRIME MINISTER RETURNED "WITH HIS POCKETS FULL OF MONEY, THAT IS, VERY FIRM PROMISES". SINCE THE PNP HAS MADE A REAL PROFESSION OF SPECTACULAR ANNOUNCEMENTS BASED ON VAGUE AGREEMENTS, IT REMAINS TO BE SEEN JUST HOW FIRM THE PROMISES ARE. GERARD

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